

MARC J. FAGEL (Cal. Bar No. 154425)
MARK P. FICKES (Cal Bar No. 178570)
fickesm@sec.gov
SUSAN F. LA MARCA (Cal. Bar No. 215231)
lamarcas@sec.gov
ELENA RO (Cal. Bar No. 197308)
roe@sec.gov

Attorneys for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
44 Montgomery Street, Suite 2600
San Francisco, California 94104
Telephone: (415) 705-2500
Facsimile: (415) 705-2501

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

KENNETH L. SCHROEDER,

Defendant.

Case No. C-07-3798 JW (HRL)

**JOINT SUPPLEMENTAL CASE
MANAGEMENT STATEMENT**

Date: June 2, 2008
Time: 10:00 a.m.
Location: Courtroom 8, 4th Floor
Hon. James Ware

Pursuant to the Court's Order Following Case Management Conference, dated January 4, 2008 (Docket No. 31), this case has been set for subsequent Case Management Conference on June 2, 2008. Accordingly, plaintiff Securities and Exchange Commission (the "Commission") and defendant Kenneth L. Schroeder ("Schroeder") submit this Joint Supplemental Case Management Statement setting forth events occurring in this matter since the initial Case Management Conference.

DESCRIPTION OF SUBSEQUENT CASE DEVELOPMENTS**1. Stipulated Discovery Plan and Discovery**

During the CMC held on December 17, 2007, the Court set a discovery cut-off date of March 31, 2009. The Court further ordered the parties to schedule and to attend a conference before Magistrate Judge Howard R. Lloyd to prepare a discovery plan. The parties attended the conference before Magistrate Judge Lloyd on January 29, 2008 (after having submitted a discovery report), and on February 8, 2008, submitted Stipulated Discovery Plan and Proposed Order. (Docket No. 55.) The Plan permits for deposition discovery to occur in two phases: in the first phase each party may notice and take up to 40 depositions without further leave of the Court; in the second phase, which starts after a party has noticed or taken 40 depositions, that party must meet and confer and, if agreement cannot be reached, obtain leave from the Court prior to taking the deposition. The Plan also sets forth meet and confer procedures for scheduling depositions, and procedures for conducting depositions.

Since the initial CMC, three depositions have occurred. Notices for other depositions have either been rescheduled or are currently postponed, as described below.

2. Postponement of the Defendant's Deposition

On January 15, 2008, Magistrate Judge Lloyd issued the Order Granting in Part Defendant's Motion for a Protective Order, which provided that his deposition be postponed until after May 15, 2008. The deposition of the defendant was thereafter noticed for May 21 -22, 2008, but has since been re-noticed for August 20-21, 2008.

The Commission intends to move forward with the defendant's deposition, as noticed, on August 20, 2008. The defendant's position is that as a former KLA Tencor officer the taking of his deposition is subject to the Court's protective order of February 20, 2008 (described below), and that the above dates for his deposition are conditioned upon resolution of privilege issues and the taking of other depositions that had previously been scheduled before his deposition but which were postponed due to the February 20 order.

3. Defendant's Motion to Dismiss

On February 1, 2008, defendant filed a Motion to Dismiss on the grounds that the prosecution of the complaint offends principles of Due Process and fundamental fairness. (Docket No. 39.) The Commission filed its opposition to defendant's motion on March 3, 2008 (Docket No. 66), and defendant filed his reply on March 10, 2008 (Docket No. 68). On March 20, 2008, the Court vacated the noticed hearing date (March 24, 2008), taking the motion under submission (Docket No. 71).

4. KLA Tencor's Motion for a Protective Order

On February 6, 2008, KLA Tencor moved on an expedited basis for a protective order to postpone the depositions of former or current KLA Tencor directors, officers, and employees who would likely be asked questions in a number of areas over which KLA Tencor asserted privileges, and that it would be unfair to require those witnesses to attend a deposition currently, and then potentially be re-deposed in the future after the privilege issues are resolved. (Docket No. 45.) Defendant filed his opposition on February 11, 2008. (Docket No. 59.) On February 20, 2008, Magistrate Judge Lloyd granted KLA Tencor's motion. (Docket No. 65.) Each of the depositions that defendant had previously noticed were of former or current KLA Tencor directors, officers, or employees, and each has been postponed. In addition to the deposition of the defendant, the Commission had noticed the deposition of Elizabeth Harlan, an attorney with the law firm of Skadden Arps (outside counsel to a committee of KLA Tencor's board of directors). The Commission postponed the Harlan deposition.

DATED: May 22, 2008

Respectfully Submitted,

/s/ Susan F. LaMarca

Susan F. LaMarca

Attorney for Plaintiff

SECURITIES AND EXCHANGE COMMISSION

/s/ Jeffrey B. Coopersmith

Jeffrey B. Coopersmith

Attorney for Defendant

KENNETH L. SCHROEDER